GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5160
ANSWERED ON:20.04.2001
CREDIT FOR STATE GOVERNMENTS
CHANDRA NATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the fall in the growth rate of small savings by five to six percent over the current fiscal year has jeopardised the availability of cheap credit for State Governments;

(b) if so, the details thereof and the reasons therefor;

(c) whether the fall in collection can put the States in major fiscal problems;

(d) if so, the details thereof; and

(e) the steps taken/proposed to be taken by the Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b) : Gross collections in 2000-2001 are estimated at Rs. 86,000 crore against Rs.75,435 crore in 1999-2000 (provisional), indicating a growth rate of 14%. Gross collections in 2001-2002 are expected to increase to Rs. 93,500 crore.

(c),(d) &(e): Eighty percent of the net collections under small savings are re-lent to the State Governments for financing their developmental expenditure. The net outflow to State Governmentsin 2000-2001 (RE) is Rs. 31,799 crore, which is expected to increase to Rs. 36,000 crore in 2001-2002. The reduction in interest rate on small savings is being passed on to State Governments. This would help the States in reducing their interest burden.